In the Supreme Court of the United States

OCTOBER TERM, 1944

No. 424

THE UNITED STATES, APPELLANT

v.

DAVID McD. SHEARER, APPELLEE

APPEAL FROM THE COURT OF CLAIMS

STATEMENT AS TO JURISDICTION

In compliance with Rule 12 of the Supreme Court of the United States the United States herewith submits its statement showing the basis of the jurisdiction of the Supreme Court of the United States to entertain an appeal in this case. The judgment sought to be reviewed is dated May 1, 1944.

The statutory jurisdiction of the Supreme Court to review by direct appeal the judgment complained of is conferred by Private Act. No. 385, 71st Congress, approved December 17, 1930, which provides as follows:

> Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the

claim of David McD. Shearer for compensation for the use by the Government of the United States of certain inventions relating to reinforced-concrete revetment and construction and laying of same, made by said David McD. Shearer, and for which letters patent of the United States, numbered 1173879, 1173880, and 1229152 were issued to him, be, and the same is hereby, referred to the Court of Claims, which court is hereby vested with jurisdiction in the premises, and whose duty it shall be to hear and determine any statute limiting the time within which such an action may be brought to the contrary notwithstanding, first, whether the said David McD. Shearer was the first, original, and sole inventor of the inventions described in said letters patent or any of them; and if said court shall find that he was such first, original, and sole inventor of any of the same, then to determine, second, what amount of compensation, if any, he is justly entitled to receive from the United States for the use of his said inventions or any of them, since the date of said letters patent, up to the time of adjudication. In determining whether or not said David McD. Shearer is entitled to compensation and the amount of compensation, if any, for the use of said inventions the court shall take into consideration, if and so far as the facts may warrant, the facts, if proved, that while said David McD.

Shearer was engaged in perfecting the invention he was in the service of the United States as a junior engineer superintendent in charge of willow bank revetment construction under the Mississippi River Commission, and whether and, if at all, to what extent said inventions or any of them were discovered or developed during the working hours of his Government service, and to what extent his said inventions for protection of river channels and banks differ from the methods previously used, in material, method of laying, permanency, and value, and, whether if at all to what extent the expense of making experiments, trials, and tests for the purpose of perfecting said inventions was paid by the United States, and if any such expense was incurred by the United States whether and, if at all, to what extent the United States received compensation for such expense.

Either party may appeal to the Supreme Court of the United States upon any such question where appeals now lie in other cases, arising during the progress of the hearing of said claim, and from any judgment in said case, at any time within ninety days after the rendition thereof; and any judgment rendered in favor of the claimant shall be paid in the same manner as other judgments of said Court of Claims.

Approved, December 17, 1930.

This act provides different modes for review of interlocutory matters and review of final judgment. With respect to interlocutory matters it provides that either party may appeal to the Supreme Court "upon any such question where appeals now lie in other cases, arising during the progress of the hearing of said claim."[1] But with respect to the final judgment it provides that either party may "appeal to the Supreme Court of the United States * * * from any judgment in said case, at any time within 90 days after the rendition thereof." It is submitted this language clearly confers the right of direct appeal from the final judgment, while indicating that interlocutory review, had it been needed, should have been sought by certiorari.[2]

The language of the act in question as regards appeal from final judgment is substantially the equivalent of that used in the special act in *Goltra* v. *United States,* 312 U. S. 203, held by the Supreme Court to give a right of direct appeal. The Goltra act provided that "either party may appeal as of right to the Supreme Court of

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[1] In this aspect the Act also departs from Section 3 of the Act of February 13, 1925, as that section confers no right to review an interlocutory order by certiorari. The provision of the Act here involved is probably patterned on Section 240 (a) of the Judicial Code as amended, relating to review of interlocutory orders of a circuit court of appeal.

[2] The United States, out of abundant precaution, is nevertheless filing a petition for a writ of certiorari from the final judgment in the instant case.

the United States from any judgment in said case at any time within ninety days after the rendition thereof."

While the words "as of right" are not recited in the present special act, it prescribes a limit for "appeal" from "judgment" of "ninety days," which is not necessarily the same as the three months allowed for taking of certiorari. The language in this respect is identical with that in the *Goltra* case. Likewise, as in the *Goltra* case, the special act makes no provision for extension of the ninety-day limit of appeal prescribed, whereas the period for certiorari is extendable under the provisions of the certiorari statute.[3]

The special act here is distinguished from the acts ruled in *Colgate* v. *United States,* 280 U. S. 43, to provide only for certiorari, for there the acts provided only for "appeal as in other cases" or merely "appeal" generally, and did not contain the 90-day appeal limitation. The 90-day limitation appeared in the Colgate Special Act but there it was coupled with the phrase "appeal as in other cases," and the court did not discuss the time limitation at all, much less its effect when not coupled with the offsetting phrase [4] which was held to establish the act's intent.

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[3] 43 Stat. 940, 28 U. S. C. A. 350.

[4] Nor was this time limitation for appeal discussed in the *Goltra* case where the court found the words "as of right" a sufficient basis for its decision.

The appeal here provided is not the limited "appeal as in other cases." Hence, no inference of an intent to provide only the like remedy of certiorari can be drawn. Nor is it merely "an appeal" without any definitive qualification, which, if construed to mean certiorari could be taken within three months (possibly 92 days) or within an extension therefore which might amount to an additional 60 days. Since the period for appeal in the present special act is limited and restrained to a period far less than the possible period provided for certiorari, the only inference that can be drawn from the enactment as a whole is that the remedy of certiorari was not intended. Therefore, the act, as passed, must be considered to confer the right of appeal in the technical sense and not the discretionary review of certiorari.

The following cases are believed to sustain the jurisdiction of the Supreme Court: *Colgate* v. *United States,* 280 U. S. 43, 47; *Goltra* v. *United States,* 312 U. S. 203, 204; see also *Ex parte Atocha,* 17 Wall. 439, 444; *Vigo's Case,* 21 Wall. 648, 651.

NATURE OF THE CASE AND RULING BELOW

From 1910 to May 1917, David Shearer was employed by the United States as a junior engineer and chief of a revetment party on the Mississippi River Commission. In 1913 he was instructed, as were all other chiefs of revetment

parties, to submit to his superior officer a report on the causes of failures in bank revetments and any suggestions as to changes in construction which would prevent these failures. Plaintiff submitted a report in which he suggested the use of reinforced concrete for upper bank protection. Thereafter, while on annual leave with pay in May 1914, he requested authorization to carry further his investigation in the use of concrete. This authority was granted. At some indefinite date plaintiff prepared drawings and a written descrpition of a revetment structure and a launching apparatus. These drawings were submitted through official channels to the district office on October 6, 1914, while Shearer was again on leave with pay. On December 30, 1914, Shearer applied for a patent for the revetment structure, which was granted February 29, 1916. In the spring of 1915, Shearer was instructed to conduct trials of the proposed revetments. The tests showed no need for alteration in the revetment itself but did demonstrate serious difficulties in the launching apparatus. A modified design intended to overcome the imperfections in the launching apparatus was prepared and submitted to the Government in August 1915. This design was further modified and constructed by Government employees and at Government expense under Shearer's supervision, and it was tested successfully in 1917. Plaintiff applied for

a patent on this structure in October 1915, and the patent was granted June 5, 1917. Upon the successful completion of the launching apparatus, the Government began to lay concrete revetments on the bed of the Mississippi River.

Throughout the entire period of the origination and development of the devices, plaintiff did not on his own account or at his own expense construct any of the structures; the entire expense of materials and labor was borne by the Government. Plaintiff was in direct charge of the work except for a short change of assignment and while on leave with pay. He was fully cognizant of the fact that the Government intended to make use of his ideas if they were found to be useful, but at no time prior to October 26, 1917, did he make claim for compensation nor did he notify the Government that he would demand compensation.

In December 1930, by a Private Act of Congress, the statute of limitations was waived and jurisdiction was conferred upon the Court of Claims to hear and determine (1) whether plaintiff was the first, original, and sole inventor of the inventions described in his patents or any of them and (2) what amount of compensation if any he is entitled to receive from the United States for the use of his inventions. The court was instructed to take into consideration, in determining to what compensation, if any,

Shearer was entitled, the fact that while Shearer was engaged in perfecting the invention, he was in the service of the United States, the extent to which the inventions were discovered or developed during his working hours in the Government service, and the extent to which the United States contributed to the expense of perfecting the inventions. The United States defended on the ground that if the patents were valid and infringed, the United States had a license to use them by virtue of Shearer's employment by the United States at the time he made his inventions.

The Court of Claims found that the launching apparatus and revetment patents were valid and the revetment patent infringed but found that the Government had, by contributing to the development, acquired a license to use the launching apparatus.[5] The court found that the revetment patent was not a basic invention and in no sense a pioneer one; that it was limited to the novel method of connecting the concrete mats to the launching cables whereby the new and novel result was obtained of unifying the excessive weight of the same to a single multiblock concrete unit, enabling a successful launching of a concrete mattress to be obtained; and that its value was limited to the value of this accomplishment. In

[5] The third patent originally in suit relating to means for molding revetment sections was found by the Commissioner to be anticipated and was withdrawn from suit prior to consideration by the court.

addition, the court held that the value of the plaintiff's conceptions was entirely dependent upon the efficiency and operativeness of a launching apparatus.

But on the accounting, the Court of Claims refused to apportion between this invention and the prior art and applied the "entire value" rule in determining the value of the revetment patent.

To determine this value it first determined the total saving in cost to the Government in (1) making and (2) launching the revetment as compared to the costs of like operations for revetting with fascines. It then increased this total saving figure about 12% for the advantage resulting from the inorganic nature and lack of natural buoyancy of the structure. It did this notwithstanding that Shearer's concrete mat was no different in this respect from the concrete mats of the prior art. The court then attributed only 39.6% of this gross total to use of the launching apparatus patent (which the Government had a right to use and upon which the efficiency and operativeness of Shearer's conceptions depended and it attributed the remaining 60.4% in its entirely to use of the limited revetment patent. Then, without apportioning between the features of the revetment previously old in the art and the minor improvement contributed by the patentee, to determine the advantage attributable to the patent in suit, it

awarded the plaintiff as reasonable compensation for the use of the "limited" and "dependent" revetment patent, in no sense a pioneer one, 20% of the *entire* advantage of the revetment structure to the Government, and further increased the award by interest at 5% per anum "not as interest but as a part of the just compensation."

The United States here specifically excepts to the entire judgment: (1) It urges that the improvement of the revetment patent designated by the court below as a "novel method of attachment" did not arise to the dignity of invention. (2) It urges that any inventive improvement in the art was due entirely to the launching apparatus without which the patented revetment structure would have been no more valuable than those of the prior art. (3) It urges that on the facts the Government had an implied or resulting license to make and use the revetment. (4) It urges that as to the accounting phase the judgment is (a) based on an improper application of the "entire value" rule; (b) is bad for failure to apportion between the narrow contribution, if any of the patent and the features old in the art; and (c) improperly includes interest.

THE QUESTIONS ARE SUBSTANTIAL

1. *Implied license.*—The law is well settled (*Solomons* v. *United States,* 137 U. S. 342, and the long line of cases following the doctrine set

forth therein) that where one employed in a certain line of work devises an improved method or instrument for doing that work but does no more than disclose it; uses the employer's property and the service of other employees to develop and put into practical form the invention; and allows and encourages the employer to use it, the employer acquires an implied license. The basis of the implied license is estoppel *in pais;* the license does not necessarily depend upon the expenditure of the employer being prior to the completion of the invention, nor upon the character of the tests made by the employer; the employer is authorized to continue doing that which he was unconditionally authorized to do by the employee who stood by without protest, and even aided, while the employer made the expenditures and used the invention. *McClurg* v. *Kingsland,* 1 How. 202; *Gill* v. *United States,* 160 U. S. 426; *Lane & Bodley* v. *Locke,* 150 U. S. 193; *Barber* v. *National Carbon Co.,* 129 Fed. 370. Furthermore, although one may conceive an invention and procure a patent for it without the employer's obtaining an implied license to use it (cf. *Dubilier Condenser Corp.* v. *United States,* 289 U. S. 178), this exception to the general rule applies only when the invention is not in the line of the employee's regular duties and employment. The Court of Claims' ruling here that the fact that Shearer completed his invention outside reg-

ular working hours prevented the acquisition of an implied license is contrary to well-settled law. See *Moore* v. *United States,* 249 U. S. 487; *Gill* v. *United States,* 160 U. S. 426; *Wiegand* v. *Dover Co.,* 292 Fed. 255, 261. The court's holding in the instant case provides a perfect evasion of the rule of implied license if an employer may be denied any right in an employee's invention regardless of how intimately connected the invention is to the employee's regular duties and line of employment because the employee took a few days' annual leave, or worked in the evenings, while on call but not actually engaged in his employer's business, in formulating his ideas and preparing and filing an application for patent to constructively reduce the same to practice.

2. *Resulting license.*—Furthermore, the usual rule is that where a license is acquired under a patent, that license carries with it an implied or "resulting" license under any other patent of the licensor to do that which is necessary to enable the licensee to enjoy the benefits of the license under the first patent. See *Frederick B. Stevens, Inc.* v. *Steel and Tubes, Inc.,* 114 F. (2d) 815 (C. C. A. 6); *Victory Bottle Capping Machine Co.* v. *O. and J. Machine Co.,* 280 Fed. 753. The court has ruled here that the Government has, by virtue of its contributions to development, a license to use the launching apparatus. The launching apparatus is the heart of the

plaintiff's operation; "the value of plaintiff's conceptions were entirely dependent upon the efficiency and operativeness of a launching apparatus" (87 C. Cls. 77). The Shearer concrete revetment would have been no more useful than those of the prior art, and the patent therefor would have been valueless, in the absence of satisfactory launching apparatus to facilitate its placement in deep water. The launching apparatus itself is useful only for the assemblage and launching of revetments according to the revetment patent, and a license for the launching apparatus would be valueless to the Government in the absence of an accompanying right to form and place its product. The fact that the original license here was legally acquired by bearing the expense of cooperative development rather than by an express grant, should not constitute an exception to the usual rule. Under the rule laid down in the instant case, if a device essential to the operation of an invention to which the Government has a shop right was conceived prior to Government service, even though such device were useless without the subsequent cooperatively developed invention, the Government would have to pay the complete value of the original device, not as measured by its work prior to the Government's development work, but as augmented by the latter, depite its implied license to use everything of value developed at its expense and with its facilities.

3. *Apportionment.*—Nothing involved in the revetment construction itself was new or novel; the prior art had disclosed the use of reinforced concrete for revetment purposes and also the idea of flexibly joining together a multiplicity of blocks thereof spaced apart. Such reinforced concrete revetments were usable, and the Government has used such revetments on the banks or in shallow waters. Plaintiff's invention merely facilitated the use of such concrete revetments in deep water. The contribution of plaintiff was "the novel method of connecting concrete mats to launching cables whereby a new and novel result is obtained of unifying the excessive weight of the same to a single concrete unit enabling a successful launching of a concrete mattress to be obtained" (87 C. Cls. 82). This in no way changed the structure as a revetment. It was merely an adaptation to a launching method requiring development apparatus to render it of value. For this "limited contribution" (87 C. Cls. 82) the court awarded a large part (20%) of the entire value of the saving to the Government resulting from use of concrete in lieu of fascines in revetments.

Such an award is clearly erroneous. The law is clear that compensation is limited only to that improvement contributed by plaintiff and should not include compensation for the work of others. See *Marconi Wireless Telegraph Co. of America* v. *United States,* 320 U. S. 1, —; *Dowagiac* v.

Minneapolis Moline Plow Co., 183 Fed. 314, 235 U. S. 641; *Westinghouse Co.* v. *Wagner Co.*, 225 U. S. 604, 615; Cf. *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U. S. 390; *Egry Register Co.* v. *Standard Register Co.*, 23 F. (2d) 438.

The question of apportionment is of definite importance to the Government. If it must pay a large part of the entire value of a device which is constructed in the main with elements to be found in the prior art because a limited improvement or adaptation has made those elements more readily usable in a particular way, it may be subjected to entirely unwarranted expense. Thus the clarification of the application of the rule of apportionment to inventions of this nature is of substantial importance.

4. *Interest.*—The Court of Claims awarded interest "not as interest but as a part of just compensation" pursuant to the Court of Claims' practice in eminent domain cases under the authority of *Waite* v. *United States*, 282 U. S. 508. Had the present case been one arising under the Act of 1910–18, which has been characterized as authorizing an eminent domain taking, and had the special act here merely waived the statute of limitations as a bar to the suit otherwise within the jurisdiction of the Court of Claims, then the case would have been of the type in which the court has consistently awarded such interest. But here there never was a time in which the court could have taken jurisdiction until Congress

passed the special act to create jurisdiction in it to hear the claim for the alleged invasion of Shearer's rights.

Recently in *Goltra* v. *United States,* 312 U. S. 203, where the Court of Claims had awarded interest under a special act which, as here, authorized the payment of "just compensation," the Supreme Court laid down the rule that the words "just compensation" do not in themselves carry the legal significance of the same words under eminent domain and that interest is to be awarded in a case arising under a special act only if the legislation or legislative history, reasonably construed, demonstrates a clear intention of Congress to exercise the power of eminent domain, or to ratify or confirm as eminent domain a previous tortious taking.

The special act involved in this case does not evidence an intention of Congress to exercise its power of eminent domain; rather it is clear that the act, in the language of the *Goltra* case, was "drawn to rectify what Congress felt might be a wrong." The Court of Claims made no effort to distinguish the *Goltra* case in its opinion in the instant case. Its decision, which apparently directly conflicts with a Supreme Court ruling, should not be allowed to stand unless expressly approved by the Supreme Court.

5. *Validity.*—In addition to the foregoing matters of general importance, the court's holding of validity of the revetment patent in suit is, we

believe, in conflict with the rule laid down in *Atlantic Works* v. *Brady*, 107 U. S. 192, where the Supreme Court stated (p. 200):

> It was never the object of those [patent] laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct rather than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.

There is appended hereto a copy of the special findings of fact, conclusions of law, and the opinions of the Court of Claims entered March 7, 1938 (on validity) and February 7, 1944 (on accounting).*

CHARLES FAHY,
Solicitor General.

* These papers appear in the printed record.

U. S. GOVERNMENT PRINTING OFFICE: 1944